

HOUSE BILL No. 1059

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-7-1; IC 8-14; IC 36-9-16-2.

Synopsis: City and town fiscal matters. Requires a city or town outside of Marion County to deposit all of the city's or town's cigarette tax distribution in the city's or town's general fund. (Current law requires the distribution to be divided between the city's or town's general fund and a cumulative capital improvement fund.) Repeals the following: (1) The requirement that a city or town establish a cumulative capital improvement fund. (2) A nonreversion provision. (3) Authority to transfer money from a cumulative capital improvement fund to the city's or town's general fund. Makes conforming changes. Provides that money distributed to cities and towns from the motor vehicle highway account and the local road and street account may be used for the same purposes.

Effective: Upon passage; April 1, 2016.

Ober

January 5, 2016, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1059

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-7-1-30.1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE APRIL 1, 2016]: Sec. 30.1. (a) Two-thirds
3 (2/3) of the money in the cigarette tax fund is annually appropriated to
4 the cities and towns of this state and to certain local governmental
5 entities.
6 (b) The amount which is allocated to each city or town under this
7 section equals the product of:
8 (1) the total amount appropriated under subsection (a); multiplied
9 by
10 (2) a fraction, the numerator of which is the population of the city
11 or town, and the denominator of which is the total population of
12 all the cities and towns of Indiana.
13 (c) The auditor of state shall calculate and distribute the amount
14 allocated to each city or town under this section on or before June 1
15 and December 1 of each year. To make these semiannual distributions,
16 the auditor of state shall issue warrants drawn on the cigarette tax fund
17 to the officials designated in subsection (d) or (e).



(d) For a consolidated city, or a city or town which is located in the same county as the consolidated city, the auditor of state shall issue a warrant for:

(1) three-fourteenths (3/14) of the money allocated to the city or town under subsection (b) to the fiscal officer of the city or town; and

(2) the remaining eleven-fourteenths (11/14) of the money to the treasurer of that county.

The fiscal officer of the city or town shall deposit the money distributed to ~~him~~ **the city or town** under this subsection in the city's or town's general fund. The county treasurer shall annually deposit three hundred fifty thousand dollars (\$350,000) ~~which he receives~~ **received** under this subsection in the capital improvement bond fund of the county. The remainder of the money which the county treasurer receives under this subsection is appropriated to the department of transportation of the consolidated city. The county treasurer shall serve as custodian of the money ~~so~~ appropriated to the department.

(e) For a city or town which is not located in the same county as a consolidated city, the auditor of state shall issue a warrant for the total amount allocated to the city or town under subsection (b) to the fiscal officer of the city or town. The fiscal officer shall deposit ~~three-fourteenths (3/14)~~ of the money in the city's or town's general fund, and he shall deposit the remaining eleven-fourteenths (11/14) of the money in the city's or town's cumulative capital improvement fund:

SECTION 2. IC 6-7-1-31.1 IS REPEALED [EFFECTIVE APRIL 1, 2016]. Sec. 31.1: (a) The fiscal body of each city and the fiscal body of each town shall, by ordinance or resolution, establish a cumulative capital improvement fund for the city or town. Except as otherwise provided in subsection (c), the city or town may only use money in its cumulative capital improvement fund:

(1) to purchase land, easements, or rights-of-way;

(2) to purchase buildings;

(3) to construct or improve city owned property;

(4) to design, develop, purchase, lease, upgrade, maintain, or repair:

(A) computer hardware;

(B) computer software;

(C) wiring and computer networks; and

(D) communications access systems used to connect with computer networks or electronic gateways;

(5) to pay for the services of full-time or part-time computer maintenance employees;



(6) to conduct nonrecurring in-service technology training of unit employees;

(7) to undertake Internet application development;

(8) to retire general obligation bonds issued by the city or town for one (1) of the purposes stated in subdivision (1); (2); (3); (4); (5); or (6); or

(9) for any other governmental purpose for which money is appropriated by the fiscal body of the city or town.

(b) The money in the city's or town's cumulative capital improvement fund does not revert to its general fund.

(c) A city or town may at any time, by ordinance or resolution, transfer to:

(1) its general fund; or

(2) an authority established under IC 36-7-23;

money derived under this chapter that has been deposited in the city's or town's cumulative capital improvement fund.

SECTION 3. IC 8-14-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) All funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices; and the painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law.

(b) In addition to purposes for which funds may be expended under ~~subsections subsection (a), and (c) of this section~~, monies allocated to cities and towns under this chapter may be expended for **the following purposes:**

(1) Law enforcement purposes, subject to the following limitations:

(1) (A) For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes.

(2) (B) For cities and towns other than those specified in ~~subdivision (1) of this subsection~~, **clause (A)**, no more than ten percent (10%) may be spent for law enforcement purposes.

(2) **The payment of principal and interest on bonds sold**



1 primarily to finance road, street, or thoroughfare projects.

2 (3) Any purpose for which money may be used under
3 IC 8-14-2.

4 (c) In addition to purposes for which funds may be expended under
5 subsections (a) and (b) of this section, monies allocated to cities and
6 towns under this chapter may be expended for the payment of principal
7 and interest on bonds sold primarily to finance road, street, or
8 thoroughfare projects.

9 SECTION 4. IC 8-14-2-5 IS AMENDED TO READ AS FOLLOWS
10 [EFFECTIVE UPON PASSAGE]: Sec. 5. **Except as provided in**
11 **section 5.5 of this chapter**, money from the local road and street
12 account shall be used exclusively by the cities, towns, and counties for:

- 13 (1) engineering, land acquisition, construction, resurfacing,
14 maintenance, restoration, or rehabilitation of both local and
15 arterial road and street systems;
- 16 (2) the payment of principal and interest on bonds sold primarily
17 to finance road, street, or thoroughfare projects;
- 18 (3) any local costs required to undertake a recreational or
19 reservoir road project under IC 8-23-5; or
- 20 (4) the purchase, rental, or repair of highway equipment.

21 SECTION 5. IC 8-14-2-5.5 IS ADDED TO THE INDIANA CODE
22 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE
23 UPON PASSAGE]: Sec. **5.5. In addition to the purposes described**
24 **in section 5 of this chapter, money from the local road and street**
25 **account allocated to cities and towns may be used for any purpose**
26 **for which money may be used under IC 8-14-1.**

27 SECTION 6. IC 36-9-16-2, AS AMENDED BY P.L.42-2011,
28 SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 APRIL 1, 2016]: Sec. 2. (a) A unit may establish a cumulative building
30 or sinking fund or cumulative capital improvement funds to provide
31 money for one (1) or more of the following purposes:

- 32 (1) To purchase, construct, equip, and maintain buildings for
33 public purposes.
- 34 (2) To acquire the land, and any improvements on it, that are
35 necessary for the construction of public buildings.
- 36 (3) To demolish any improvements on land acquired under this
37 section, and to level, grade, and prepare the land for the
38 construction of a public building.
- 39 (4) To acquire land or rights-of-way to be used as a public way or
40 other means of ingress or egress to land acquired for the
41 construction of a public building.
- 42 (5) To improve or construct any public way or other means of



1 ingress or egress to land acquired for the construction of a public
2 building.
3 (b) In addition to the purposes described in subsection (a), a
4 cumulative capital improvement fund may be used to purchase body
5 armor (as defined in IC 35-47-5-13(a)) for active members of a police
6 department under:
7 (1) IC 36-5-7-7;
8 (2) IC 36-8-4-4.5;
9 (3) IC 36-8-9-9; and
10 (4) IC 36-8-10-4.5.
11 ~~(c) A municipality may establish a cumulative capital improvement~~
12 ~~fund for a purpose described in IC 6-7-1-31.1.~~
13 **SECTION 7. An emergency is declared for this act.**

